

Chapter 3: Exam practice question

Corporate and social responsibility at Nike, Inc.

- 1 Explain the reason for Nike, Inc. having a mission statement. (4)
- to sum up for stakeholders core purpose and activity in a short paragraph
 - to formally recognise the markets and the benefits of serving those markets
 - ethical references can motivate employees by identifying inspirational and positive core goals with which they can identify

Apply **Resources table 3b** mark bands.

- 2 Analyse **two** strategic objectives that Nike, Inc. might try to achieve. (6)
- These should be specific, measurable, achievable, realistic and time specific, and should be based on the corporate aims. Student suggestions may be diverse, for example:
- Have all advertising carrying the core message: 'If you have a body, you are an athlete.'
 - Raise sales by 5% by the end of the year.
 - Cut greenhouse gas emissions by 2% in all factories by the end of the year.
 - All new products developed during the course of the year should use materials from sustainable natural sources.
 - Carry out an environmental audit of the product range by the end of the year.
 - Any other relevant point which relates to long-term corporate aims expressed in the case study.

SL: apply **Resources table 1** mark band descriptors.

HL: apply **Resources table 2** mark band descriptors.

- 3 Using Nike, Inc. as an example, outline the main components you might expect to see in its environmental audit. (6)
- use of renewable resources to make the products
 - use suppliers who are socially responsible
 - implementation of common high standards for the wellbeing of all employees
 - implementation of long-term socially responsible aims (CSR) rather than short-term profit objectives
 - willingness to pay the cost of CSR
 - establishment and implementation of ethical codes of practice
 - any other relevant points

For questions of 5 marks and more:

SL: apply **Resources table 1** mark band descriptors.

HL: Apply **Resources table 2** mark band descriptors.

- 4** Evaluate the advantages and disadvantages to Nike, Inc. of aiming to be a socially responsible organisation. **(9)**

Advantages:

- good public image
- pride of employees can be a motivator
- being ahead of changes in law can give time to find cheaper solutions
- avoid costly bad media publicity on CSR issues
- any other relevant point

Disadvantages:

- cost
- takes manpower and attention from other important aims and objectives
- result is long term rather than short term
- stakeholder conflict on CSR/environmental/ethical issues
- drop in profit due to increased costs may have negative effect on share prices
- any other relevant point

SL: apply **Resources table 1** mark band descriptors.

(SL questions do not usually go up to 9 marks, so the HL table is best used for SL students.)

HL: apply **Resources table 2** mark band descriptors.

A justified conclusion is required.